

1 UNITED STATES DISTRICT COURT

2 DISTRICT OF MASSACHUSETTS

3 No. 1:19-cv-12127-WGY

4
5 SECURITIES AND EXCHANGE COMMISSION,
6 Plaintiff

7 vs.

8
9 SHUANG CHEN, et al,
10 Defendants

11 *****

12
13 For Hearing Before:
14 Judge William G. Young

15 Preliminary Injunction/Status Conference

16
17 United States District Court
18 District of Massachusetts (Boston)
19 One Courthouse Way
20 Boston, Massachusetts 02210
21 Monday, October 28, 2019

22 *****

23 REPORTER: RICHARD H. ROMANOW, RPR
24 Official Court Reporter
25 United States District Court
One Courthouse Way, Room 5510, Boston, MA 02210
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A P P E A R A N C E S

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1 P R O C E E D I N G S

2 (Begins, 2:45 p.m.)

3 THE CLERK: Civil Matter 19-12127, Securities and
4 Exchange Commission versus Chen, et al.

5 THE COURT: And good afternoon. Would counsel
6 please identify themselves.

7 MR. PALID: Good afternoon, your Honor, Andrew
8 Palid and Martin Healey for the Securities and Exchange
9 Commission.

10 MR. HEALEY: Good afternoon, your Honor.

11 MR. CUTLER: Good afternoon, your Honor, Timothy
12 Cutler on behalf of the defendant Chen.

13 THE COURT: And does anyone appear for any of the
14 other defendants?

15 MR. CUTLER: Not that we know about. We only have
16 one defendant.

17 THE COURT: All right. Well, that's fine.

18 MR. PALID: Just Chen? Not Vicky Liu?

19 MR. CUTLER: I mean -- I'm sorry, if I might give
20 you the -- yes, Vicky Liu, your Honor.

21 THE COURT: Well, Vicky Liu --

22 MR. CUTLER: Yes, you just entered the order.

23 THE COURT: I did enter the order, because it was
24 stipulated. So as to Liu, there's a preliminary
25 injunction.

1 You appear for Liu?

2 MR. CUTLER: Yes. I apologize, your Honor. Yes,
3 I'm here on behalf of Liu, and --

4 THE COURT: I understand.

5 Though he's not present, Mr. Parker appears for
6 Chen?

7 MR. PALID: No, Mr. Parker appears for defendant,
8 um, Jiali Wang, and he is --

9 THE COURT: Yes, I misspoke. I did misspeak,
10 because I have papers here as to Jiali Wang, correct?

11 MR. PALID: Yes.

12 THE COURT: All right. So let's -- so Liu,
13 there's a preliminary injunction in effect and -- yes,
14 thank you, but you're excused.

15 MR. CUTLER: Yes, thank you, your Honor. Sorry
16 for the confusion.

17 (Mr. Cutler leaves.)

18 THE COURT: But Wang -- and forgive my
19 misspeaking, um -- well let me speak to the Clerk for a
20 minute.

21 (Pause.)

22 THE COURT: Okay. Have you seen his papers in the
23 criminal case?

24 MR. PALID: Um, I have not seen his papers in the
25 criminal case, I have seen the papers that he filed in

1 this case on Sunday, um --

2 THE COURT: Oh, he did -- I'm looking. He did
3 file them in this case.

4 MR. PALID: Yes, your Honor. I have seen those.

5 THE COURT: All right. Well that wasn't on for
6 hearing this afternoon, but I would like to get it on
7 for hearing before he asks us here. And he says can we
8 do it before, um -- well let's see.

9 (Pause.)

10 THE CLERK: Thursday morning?

11 MR. PALID: If memory serves, your Honor, I
12 believe Mr. Parker said he'll be back in Massachusetts
13 on Wednesday.

14 THE COURT: Yes, thank you.

15 (Pause.)

16 THE COURT: So Thursday. How about 9:30?

17 MR. PALID: Yes, if we push it to 9:30, that would
18 be good.

19 THE COURT: 9:30 on the idea -- and I think it's
20 wise, I'm not going to cut into Magistrate Judge
21 Kelley's detention hearing, and so we've got a half an
22 hour.

23 MR. PALID: That's fine, your Honor.

24 THE COURT: Fine, so 9:30. All right.

25 Have you had service on all these people?

1 MR. PALID: Yes, your Honor. So we have served
2 the defendants who are present in the United States.
3 We've served, um, Xiaosong Wang through his counsel in
4 the criminal case, who accepted service on his behalf.
5 We served defendant Jiali Wang via e-mail and also
6 provided a copy of the civil complaint, the temporary
7 restraining order and summons, to Peter Parker, his
8 counsel in the criminal case, who at that time did not
9 say he was representing him on the civil case, but
10 Mr. Wang is aware of the case, clearly, and has a copy
11 of the papers. We served another defendant, Shun Sui,
12 who is the mother of Xiaosong Wang, and she is present
13 in the United States, we served her via process server.
14 And we served another defendant, Vicky Liu, um, who is a
15 U.S. citizen and resident of Massachusetts, um, via
16 process server. All of the defendants and lead
17 defendants were served via e-mail at e-mail addresses
18 that we received from their brokerage accounts pursuant
19 to the terms of the temporary restraining order.

20 THE COURT: All right.

21 When I -- how many of these people are under
22 criminal indictment?

23 MR. PALID: As far as I'm aware two of them have
24 been arrested on criminal complaints, Xiaosong Wang and
25 Jiali Wang. The other individuals, um, with the

1 exception of Vicky Liu and Shun Sui, who I just
2 mentioned, are all Chinese nationals who we believe to
3 still be in China.

4 THE COURT: Okay.

5 When do you want to go to trial on this case?

6 MR. PALID: The Commission is prepared to go to
7 trial on a regular trial schedule.

8 THE COURT: Well what does that mean?

9 MR. PALID: Whenever it suits the Court, your
10 Honor.

11 THE COURT: Well you know what's going to happen,
12 the ones who are indicted criminally are going to say,
13 "Hold off on this until the criminal trial takes place,"
14 and they can say that with some merit. So I would
15 propose to put this on for trial in November 2020.

16 Do you want to go faster than that?

17 MR. PALID: No, your Honor.

18 THE COURT: All right, so it's on the running
19 trial list for November 2020.

20 I'm going to grant a preliminary injunction -- the
21 preliminary injunction, in the language of the temporary
22 restraining order, until that trial or until the Court
23 further orders.

24 Understand that if any of these people want to get
25 out from under that injunction faster, I'm going to

1 be -- and I'm not talking about the specific concerns of
2 Jiali Wang, those we'll address Thursday morning, or the
3 concerns of the co-defendant or if they were to
4 supersede and to the other criminal indictments, those
5 are more discrete concerns. I express no opinion on
6 that. But if any of these people want a faster trial to
7 be relieved of the strictures of the, um -- of the now
8 preliminary injunction, I'm going to be sympathetic to
9 that, I'm going to set a hearing. It's not going to be
10 for you to prove the need for a preliminary injunction,
11 because you say they have service, I accept your
12 representation, and I've now granted a preliminary
13 injunction, but as a case management matter I may well
14 -- considering the balance of the equities, revisit
15 that, require you to go to trial faster on some or more
16 of the -- or one or more of these people.

17 Do you understand?

18 MR. PALID: Understood, your Honor.

19 THE COURT: Very well. So that's the order of the
20 Court. It's continued subject to those constraints and
21 we'll hear the Jiali Wang concerns at 9:30 on Thursday
22 morning. And I thank you very much.

23 MR. PALID: Thank you, your Honor.

24 THE COURT: We'll recess.

25 (Ends, 2:50 p.m.)

C E R T I F I C A T E

I, RICHARD H. ROMANOW, OFFICIAL COURT REPORTER,
do hereby certify that the foregoing record is a true
and accurate transcription of my stenographic notes
before Judge William G. Young, on Monday, October 28,
2019, to the best of my skill and ability.

/s/ Richard H. Romanow 11-14-19

RICHARD H. ROMANOW Date